

# The Financial Times of Indiana

## Budget and Tax News from the Office of Governor Frank O'Bannon

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### The News in brief...

#### O'Bannon pleased discussions continue

State lawmakers continue to discuss finding a solution to the state's \$1 billion deficit and the need to restructure the state's tax code, Governor Frank O'Bannon said today.

Lieutenant Governor Joe Kernan echoed the Governor, saying state leaders all seem to be focused on protecting education, homeowners and updating the tax code so Indiana can grow better jobs in the future.

The remarks came after a 90-minute meeting with the leaders of the House and Senate caucuses.

Last week, O'Bannon requested that Republican lawmakers offer a counterproposal to a plan put forth by Democratic lawmakers. Senator Lawrence Borst, Chairman of the Senate Finance Committee, began this process by commenting on areas of disagreement between the Democrat proposal and the Senate-passed version of House Bill 1004.

Governor O'Bannon requested a written counterproposal to be presented Thursday when the group next meets.

Asked if O'Bannon would consider delaying the Special Session – set now for May 14 – if the lawmakers do not reach an agreement on the two issues, the Governor said he would not. Governor O'Bannon and Lt. Governor Kernan remain optimistic that much can be accomplished in the 22 days before special session begins. If legislators fail to reach agreement, the administration will offer a plan. "We will stand ready to complete the people's business," he said.

O'Bannon and Kernan have been traveling the state in recent days to call attention to the need for action on the budget and tax restructuring. That effort will continue.

"Hoosiers want a solution to these issues, and at least the discussions are continuing," Kernan said. "We have common ground on ideas that will work. We need to stay focused and get the job done."

### Terre Haute woman fears losing her home if lawmakers don't act in Special Session

(Excerpted from a story written by Peter Ciancone and published in the Tribune-Star, Terre Haute, April 19, 2002)



Mary Scott lives in a pink house with white trim, surrounded by a tidy lawn and other equally well-kept homes.

Standing under the bright April sun, in spite of the cheerful surroundings on North 11th Street, she sees dark clouds on the horizon.

Scott, 68, paid \$777 for her home's property tax this year. According to records in the Harrison Township Assessor's office, she will pay twice that under new property tax assessment rules in 2003, and that increase threatens her ability to keep her house.

She said her chances of keeping the house were 50 percent, unless something is done.

"If the tax increase is too much, I won't be able to do it," Scott said.

If a shelter allowance proposed by the new rules is not applied, her tax bill will be \$2,093. If it is applied, Scott's new bill will be \$1,484. That allowance has been challenged in courts by apartment owners.

Lt. Gov. Joe Kernan visited Scott at her home Thursday to make the point that the legislature must address a problem shared by Scott and an estimated 221,000 Hoosiers: an average 33 percent increase in property tax and possibly as much as a 200 or 300 percent increase.

"That's why we called a special session," Kernan said. "The reason the governor made the decision ... is exactly why we're here today."

### What Others Are Saying

"A solution isn't simple, but the approach is clear: Face the financial problems. Don't come home until you fix them."

Fort Wayne News-Sentinel, April 15, 2002



**22 Days and Counting ...**

Governor O'Bannon and Lieutenant Governor Kernan announced plans to address the deficit and restructure taxes in **October** and **November 2001**.

In **February**, the House approved HB 1004, which modified the 2001 plans but still addressed the issues.

In **March**, the Senate returned HB 1004 to the House after removing most of the budget solution.

The General Assembly adjourned **March 15** without agreeing to resolve either issue.

O'Bannon and Kernan have held **4** negotiation meetings in **April** to encourage agreement among key lawmakers.

The next meeting is scheduled for **Thursday, April 25**.